

Giving Retirement ASSETS

Americans own several trillions of dollars of wealth

in the form of qualified pension plans, profit sharing plans, 401(k)s, 403(b) tax sheltered annuities, SEP, Keoghs, IRAs and stock option plans. Congress never meant for these plans to be passed on to heirs. These assets are considered “income in respect of decedent or IRD.”

Someone has to pay the tax on these assets.

By leaving them to someone other than your spouse, you can subject your heirs to significant taxes on their inheritance. Even if you do not have a taxable estate, the tax rate on these assets could well exceed fifty percent.



IRA CHARITABLE ROLLOVER

If you are 70½ or older, you can make a gift of up to \$100,000 from your IRA this year to help your church. Making direct charitable gifts from your IRA is one of the best ways to give to your church, and it is simple to do! Gifts from your IRA are not reportable as taxable income and, therefore, are not included in your adjusted gross income. Contact your IRA administrator to make a gift from your IRA or contact us to learn more.

This information is not intended as tax, legal or financial advice. Gift results may vary. Consult your personal financial advisor for information specific to your situation.

CHARITABLE BEQUEST

If you plan to include charitable gifts in your estate plans, consider naming a charity like your church as the beneficiary of your IRD assets while leaving your cash and other investment assets to your heirs. Why? Charities are tax exempt and, unlike your heirs, will not pay taxes on IRAs and other retirement plans.

Naming a charity as the beneficiary of an IRD asset is easy. You can make a beneficiary designation by completing a simple form provided by your plan administrator. Then leave your heirs the assets like your home or stocks that can step up to fair market value when you pass away. This permits your heirs to sell these assets with little or no tax due and make use of their full inheritance.

CHARITABLE GIFT ANNUITY

Some individuals prefer leaving their IRD assets to fund a charitable gift annuity that will benefit a friend or family member with lifetime fixed payments. Typically, this type of gift is appropriate when the beneficiary is fairly senior and/or would like to receive payments that never change. A gift annuity is easier and less expensive to establish and administer than a charitable remainder trust. It also may be funded with a much lower amount. With this plan, usually only one charity is the named beneficiary of the remaining value. Please contact us to view an illustration of this plan for your loved one.

CHARITABLE REMAINDER TRUST

Funding a charitable remainder trust with your IRA or other IRD assets as part of your estate plan can help you provide for your heirs and lessen their tax burden. The trust will pay your loved ones income over a number of years. Your heirs will pay tax on the income over time, as opposed to facing a large tax bill if IRA proceeds were given to them all at once. At the end of the trust, any remaining principal will go to help further the mission of your church.

MAY WE ASSIST YOU?

We are here to help! Please contact us to learn how you can provide for the people and the causes you care the most about while avoiding unnecessary tax on your IRD assets.